

Chapter 5 : Rectification

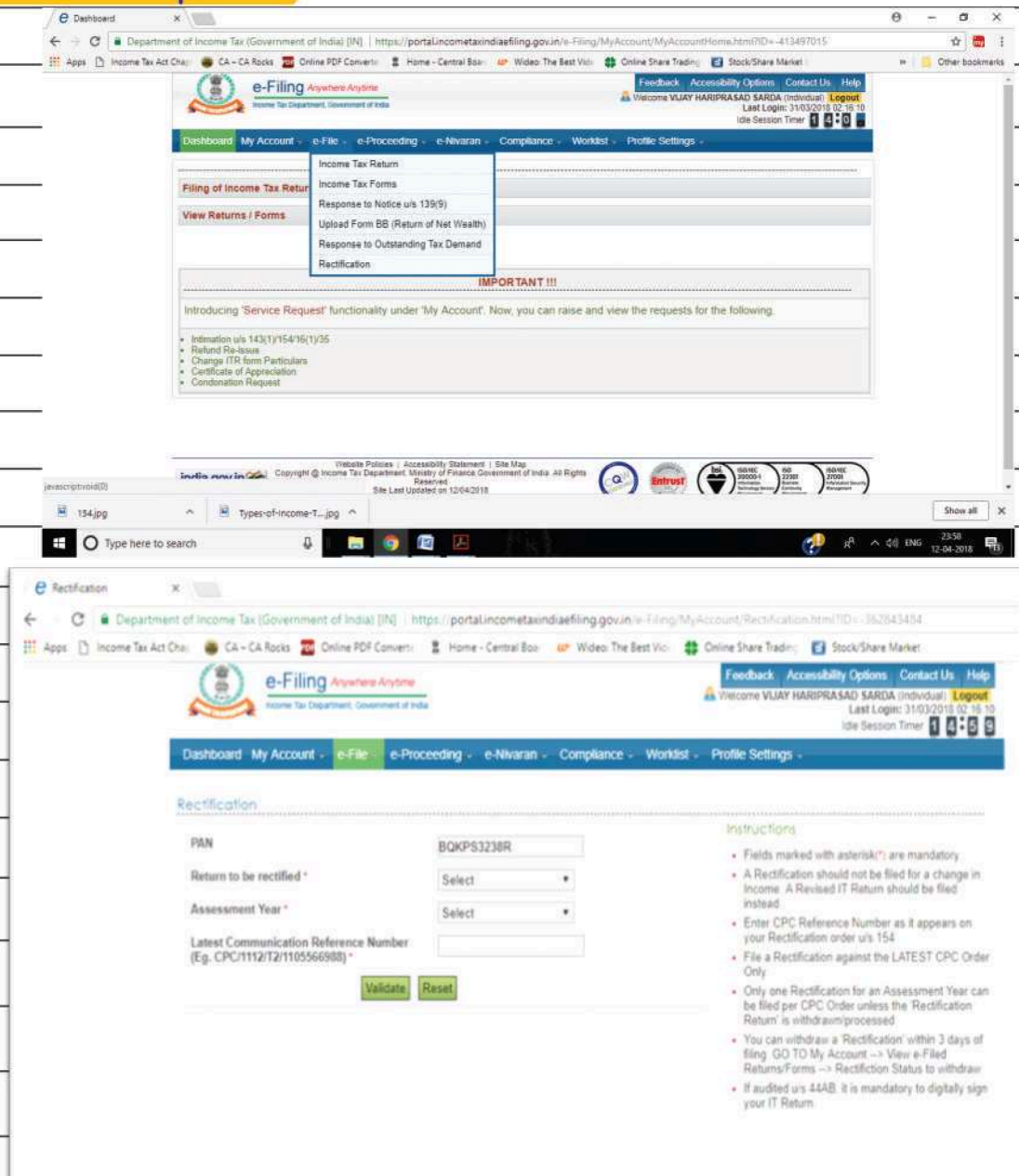
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5. RECTIFICATION

Space for Important Points / Notes

Practical Aspect



Sec.154 Rectification

With a view to rectifying any mistake apparent from the record an income-tax authority referred to in section 116 may, -

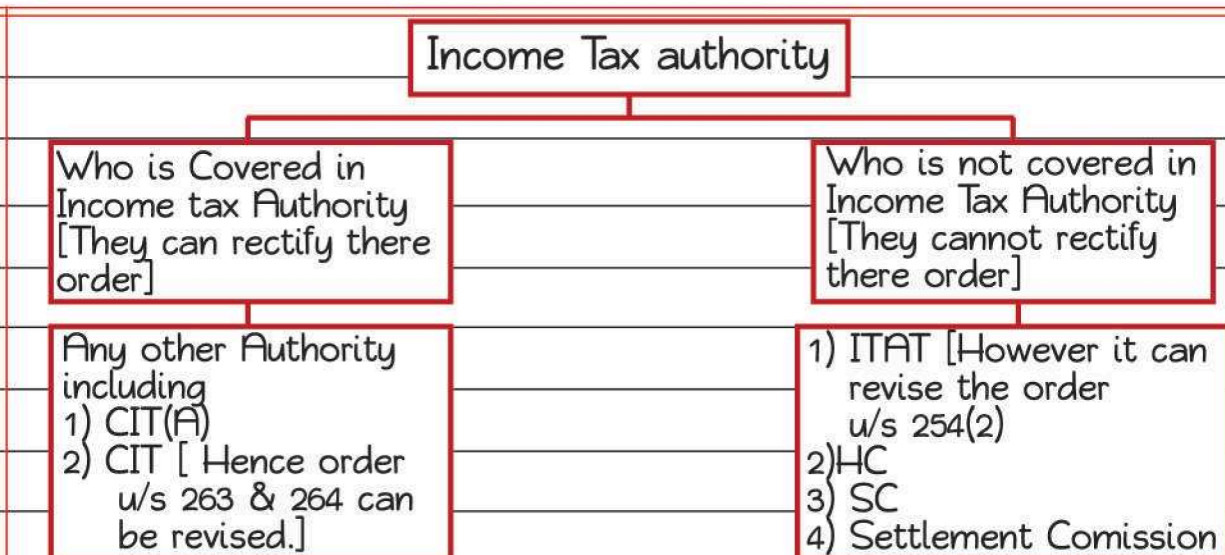
Amend any order passed by it under the provisions of this Act;

Amend any intimation or deemed intimation u/s 143(1)

Amend any intimation u/s 200A(1)/206CB [TDS/TCS Intimation]

There is no fees payable by Assessee for rectification nor any form is prescribed.

5. RECTIFICATION



Order:

- ✓ Intimation u/s 143(1)
- ✓ Intitimation of TDS Statement 200A/206CB
- ✓ Assessment order or reassessment order u/s 143(3)/144/147
- ✓ Rectification u/s 154
- ✓ Revision order u/s 263/264
- ✓ CIT(A) order 250
- ✓ Order passed by CIT/CCIT u/s 10(23C)/12AA/80G
- ✓ Order of partition of HUF u/s 170

Record:

- # Mistake must be apparent from record thus no new evidence can be furnished during rectification proceeding. Rectification can be done only on the basis or record available at the time of passing the order.
 - # Records include current records and previous records also.
 - # Mere change in opinion cannot be the basis for rectification
 - # **CIT vs India Cements Limited**: Where AO has passed assessment order on the settled law/decision on the date of assessment and
 - > Subsequently SC decision was given against assessee
 - > Law was amended retrospectively
- Rectification cannot be done as there was no mistake apparent from record however contrary decision are available [**ACIT Vs Saurashtra Kutch**

5. RECTIFICATION

Stock Exchange][As per ICAI: Subsequent decision of Supreme Court -
A mistake arising as a result of subsequent interpretation of law by the
Supreme Court would also constitute error apparent from the record.]

Sec 154(2) - Subject to the other provisions of this section, the
authority concerned—
may make an amendment u/s 154(1) of its own motion, and
shall make such amendment for rectifying any such mistake which has been
brought to its notice by the assessee or by the deductor or by the
collector, and where the authority concerned is the CIT (Appeals), by the
Assessing Officer also.

Sec 154(3) - An amendment, which has the effect of enhancing an assessment
or reducing a refund or otherwise increasing the liability of the assessee or
the deductor or the collector, shall not be made under this section unless
the authority concerned has given notice to the assessee or the deductor or
the collector of its intention so to do and has allowed the assessee or the
deductor or the collector a reasonable opportunity of being heard.

Sec 154(4) - Where an amendment is made under this section, an order
shall be passed in writing by the income-tax authority concerned.

Sec 154(5) - Where any such amendment has the effect of reducing the
assessment or otherwise reducing the liability of the assessee or the
deductor or the collector, the AO shall make any refund which may be due
to such assessee or the deductor or the collector.

Sec 154(6) - Where any such amendment has the effect of enhancing the
assessment or reducing a refund already made or otherwise increasing the
liability of the assessee or the deductor or the collector, AO shall serve